

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 520

BY HEALTH AND WELFARE COMMITTEE

AN ACT

RELATING TO HOSPITALS; AMENDING SECTION 56-1403, IDAHO CODE, TO REVISE TERMINOLOGY AND TO REVISE THE APPROPRIATION STATUS OF THE HOSPITAL ASSESSMENT FUND; AMENDING SECTION 56-1404, IDAHO CODE, TO REVISE TERMINOLOGY, TO REVISE THE DURATION OF THE ANNUAL ASSESSMENT AND TO REVISE HOW THE ASSESSMENT BASE IS DETERMINED; AMENDING SECTION 56-1406, IDAHO CODE, TO REVISE TERMINOLOGY AND TO REVISE THE DURATION AND HOW THE UPPER PAYMENT LIMIT DISTRIBUTIONS ARE DETERMINED; AND DECLARING AN EMERGENCY.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 56-1403, Idaho Code, be, and the same is hereby amended to read as follows:

56-1403. HOSPITAL ASSESSMENT FUND ESTABLISHED. (1) There is hereby created in the office of the state treasurer a dedicated fund to be known as the hospital assessment fund, hereinafter "fund," to be administered by the department of health and welfare, hereinafter "department." The state treasurer shall invest idle moneys in the fund and any interest received on those investments shall be returned to the fund.

(2) Moneys in the fund shall consist of:

(a) All moneys collected or received by the department from private hospital assessments required by this chapter;

(b) All federal matching funds received by the department as a result of expenditures made by the department that are attributable to moneys deposited in the fund;

(c) Any interest or penalties levied in conjunction with the administration of this chapter; and

(d) Any appropriations, federal funds, donations, gifts or moneys from any other sources.

(3) The fund is created for the purpose of receiving moneys in accordance with this section and section 56-1404, Idaho Code. The fund shall not be used to replace any moneys appropriated to the Idaho medical assistance program by the legislature. Moneys in the fund are deemed to be perpetually appropriated and shall be distributed by the department ~~subject to appropriation~~ for the following purposes only:

(a) Payments to private hospitals as required under Idaho's medical assistance program as set forth in sections 56-209b through 56-209d, Idaho Code;

(b) Reimbursement of moneys collected by the department from private hospitals through error or mistake in performing the activities authorized under Idaho's medical assistance program;

(c) Payments of administrative expenses incurred by the department or its agent in performing the activities authorized by this chapter;

(d) Payments made to the federal government to repay excess payments made to private hospitals from the fund if the assessment plan is deemed out of compliance and after the state has appealed the findings. Hospitals shall refund the payments in question to the assessment fund. The state in turn shall return funds to both the federal government and hospital providers in the same proportion as the original financing. Individual hospitals shall be reimbursed based on the proportion of the individual hospital's assessment to the total assessment paid by all private hospitals. If a hospital is unable to refund payments, the state shall develop a payment plan and deduct moneys from future medic-aid payments;

(e) Transfers to any other fund in the state treasury, provided such transfers shall not exceed the amount transferred previously from that other fund into the hospital assessment fund; and

(f) Making refunds to hospitals pursuant to section 56-1410, Idaho Code.

SECTION 2. That Section 56-1404, Idaho Code, be, and the same is hereby amended to read as follows:

56-1404. ASSESSMENTS. (1) All private hospitals, except those exempted under section 56-1408, Idaho Code, shall make payments to the fund in accordance with this chapter. Subject to section 56-1410, Idaho Code, an annual assessment on both inpatient and outpatient services is determined for each qualifying hospital for ~~each state fiscal years 2009, 2010 and 2011,~~ in an amount calculated by multiplying the rate, as set forth in subsections (2) (b) and (3) (b) of this section, by the assessment base, as set forth in subsection (5) of this section.

(2) (a) The department shall calculate the private hospital upper payment limit gap for both inpatient and outpatient services. The upper payment limit gap is the difference between the maximum allowable payments eligible for federal match, less medicaid payments not financed using hospital assessment funds. The upper payment limit gap shall be calculated separately for hospital inpatient and outpatient services. Medicaid disproportionate share payments shall be excluded from the calculation.

(b) The department shall calculate the upper payment limit assessment rate for each state fiscal years ~~2009, 2010 and 2011~~ to be the percentage that, when multiplied by the assessment base as defined in subsection (5) of this section, equals the upper payment limit gap determined in paragraph (a) of this subsection.

(3) (a) The department shall calculate the disproportionate share allotment amount to be paid to private in-state hospitals.

(b) The department shall calculate the disproportionate share assessment rate for private in-state hospitals to be the percentage that, when multiplied by the assessment base as defined in subsection (5) of this section, equals the amount of state funding necessary to pay the private in-state hospital disproportionate share allotment determined in paragraph (a) of this subsection.

(4) For private in-state hospitals, the assessments calculated pursuant to subsections (2) and (3) of this section shall not be greater than two

1 and one-half percent (2.5%) of the assessment base as defined in subsection
2 (5) of this section.

3 (5) The assessment base shall be the hospital's net patient revenue
4 for the applicable period. "Net patient revenue" for state fiscal year 2009
5 shall be determined using the most recent data available from each hospi-
6 tal's fiscal year 2004 medicare cost report on file with the department on
7 June 30, 2008, without regard to any subsequent adjustments or changes to
8 such data. Net patient revenue for each state fiscal year 2010 thereafter
9 shall be determined in the same manner using the most recent data available a
10 rolling yearly schedule for each hospital's fiscal year 2005 medicare cost
11 report on file with the department on June 30, 2009, of each subsequent year
12 without regard to any subsequent adjustments or changes to such data. Net
13 patient revenue for state fiscal year 2011 shall be determined using the most
14 recent data available from each hospital's fiscal year 2006 medicare cost
15 report on file with the department on June 30, 2010, without regard to any
16 subsequent adjustments or changes to such data.

17 SECTION 3. That Section 56-1406, Idaho Code, be, and the same is hereby
18 amended to read as follows:

19 56-1406. INPATIENT AND OUTPATIENT ADJUSTMENT PAYMENTS. All private
20 hospitals, except those exempted under section 56-1408, Idaho Code, shall be
21 eligible for inpatient and outpatient adjustments as follows:

22 (1) For state fiscal year 2009, the inpatient upper payment limit gap
23 for private hospitals shall be divided by medicaid inpatient days for the
24 same hospitals from calendar year 2007 to establish an average per diem ad-
25 justment rate. Each private hospital shall receive an annual payment that is
26 equal to the average per diem adjustment rate multiplied by the hospital's
27 calendar year 2007 medicaid inpatient days. For purposes of this section,
28 "hospital medicaid inpatient days" are days of inpatient hospitalization
29 paid for by the Idaho medical assistance program for the applicable calendar
30 year. ~~For Each state fiscal year 2010, calendar year 2008 inpatient hospi-~~
31 ~~tal medicaid days shall be utilized thereafter shall be determined in the~~
32 ~~same manner using a rolling yearly schedule to determine the hospital inpa-~~
33 ~~tient adjustment payment. For state fiscal year 2011, calendar year 2009~~
34 ~~hospital medicaid inpatient days shall be utilized to determine the hospi-~~
35 ~~tal inpatient adjustment payment.~~ In the event that either the inpatient
36 upper payment limit gap for private hospitals or the available hospital
37 assessment funding is lower than anticipated, the department shall apply
38 an across-the-board factor such that the inpatient payment adjustments are
39 maximized, financed entirely from hospital assessment funding, and do not
40 exceed the Idaho inpatient upper payment limit for private hospitals. Pay-
41 ments shall be made no later than thirty (30) days after the receipt of the
42 last deposit of the hospital assessment required in section 56-1404, Idaho
43 Code.

44 (2) For state fiscal year 2009, the outpatient upper payment limit
45 gap for private hospitals shall be divided by medicaid outpatient hospital
46 reimbursement for the same hospitals from calendar year 2007 to establish
47 an average percentage adjustment rate. Each hospital, except those exempt
48 under section 56-1408, Idaho Code, shall receive an annual payment that is
49 equal to the average percentage adjustment rate multiplied by the hospi-

tal's calendar year 2007 hospital medicaid outpatient reimbursement. For purposes of this section, "hospital outpatient reimbursement" is reimbursement for hospital outpatient services paid for by the Idaho medical assistance program for the applicable calendar year. ~~For Each state fiscal year 2010, calendar year 2008 hospital medicaid outpatient reimbursement shall be utilized to determine the outpatient hospital adjustment payment. For state fiscal year 2011, calendar year 2009 hospital medicaid outpatient reimbursement shall be utilized thereafter shall be determined in the same manner using a rolling yearly schedule to determine the outpatient hospital adjustment payment.~~ In the event that either the outpatient upper payment limit gap for private hospitals or the available hospital assessment funding is lower than anticipated, the department shall apply an across-the-board factor, such that outpatient adjustment payments are maximized, financed entirely from hospital assessment funding, and do not exceed the Idaho outpatient upper payment limit for private hospitals. Payments shall be made no later than thirty (30) days after the receipt of the last deposit of the hospital assessments required in section 56-1404, Idaho Code.

SECTION 4. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after its passage and approval.